



City of
Rockville
Get Into It

Employee Compensation and Classification for FY 2016

July 13, 2015



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- Mayor and Council's evaluation and discussion of the City's comp. and class. structure started in Oct 2014
- Since then, the Mayor and Council have held several meetings (detailed under "Mayor and Council History") to discuss comp. philosophy, classification structure, study results and recommendations, and implementation approaches
- At the most recent discussion and instruction session, the Mayor and Council directed staff to provide more info. on different comp. and class. topics
- Detailed staff responses are provided in the agenda materials (green sheets)



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1. Maintain the adopted comp. philosophy or modify the philosophy to accommodate step pay plans
2. Approve a new classification structure for FY 2016 consistent with the results of the Study
3. Approve a new pay structure (single or multiple) consistent with the info. provided by the consultant
4. Approve an implementation approach
5. Decide whether or not to shift pay ranges in FY 2016 by the 2% cost of living adjustment
6. Decide whether or not additional compensation or performance awards should be provided in FY 2016



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Options for Compensation

- Based on prior sessions with Mayor and Council, staff developed two compensation and classification options:
 - **TRACT A** provides information on the single, open range pay plan based on the Mayor and Council's direction in January 2015
 - **TRACT B** is a new option developed in response to a request by a majority of the Mayor and Council via email on June 16, 2015
- ATTACHMENT A provides information on TRACT A and ATTACHMENT B provides information on TRACT B



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Options for Compensation – TRACT B

- TRACT B is a new option that represents a **combo open range and step plan**
 - ✓ Administrative employees will remain on the originally proposed open range (page B-9)
 - ✓ Police and AFSCME employees will move to a newly proposed step plan (page B-10) as developed by the City's consultant
- The proposed step plans have **16 steps** with increments of **2.7% for AFSCME** and **3.0 to 3.2% for Police**



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Classification Structure

- During the Mayor and Council's discussion of the new classification structure, the Mayor and Council directed staff to **reinstate the Deputy City Clerk position**
- Included in both TRACT A and TRACT B is the reinstatement of the **Deputy City Clerk at a grade 111**
- This is the only position that has changed since the proposed classification structure was presented to the Mayor and Council on April 15, 2015
- The proposed classification structure is included with both draft resolutions in ATTACHMENT A and ATTACHMENT B



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Fiscal Impacts

- General Fund **fiscal impacts** for TRACT A and TRACT B are **described in ATTACHMENT C**
- ATTACHMENT C contains a color coded summary page that **shows which options are sustainable** with minor adjustments or will require major adjustments to future revenues and/or expenditures
- ATTACHMENT C focuses on **six areas**:
 1. structure
 2. implementation
 3. performance award in FY 2016
 4. performance award in future years
 5. impact to the forecast
 6. policy indicator

TRACT A - Open		50% - Leave (RECOMMENDATION)					50% - Lump Sum					50% - To Base				
	Structure	Open Range for Admin, AFSCME, Police					Open Range for Admin, AFSCME, Police					Open Range for Admin, AFSCME, Police				
	Implementation	Current Range Penetration Capped at 50%					Current Range Penetration Capped at 50%					Current Range Penetration Capped at 50%				
	Performance Award in FY 2016	Annual Leave consistent with Chart 1 in green sheet					0% to 2.5% lump sum on anniversary date (amount based on performance eval)					0% to 2.5% to base on anniversary date (amount based on performance eval)				
	Performance Award in Future Yrs	TBD, Element 4 of Study					TBD, Element 4 of Study					TBD, Element 4 of Study				
	Impact to General Fund Forecast	FY 2016 1,170,042	FY 2017 533,031	FY 2018 507,569	FY 2019 1,510,406	FY 2020 1,769,116	FY 2016 2,147,594	FY 2017 533,031	FY 2018 507,569	FY 2019 1,510,406	FY 2020 1,769,116	FY 2016 1,658,818	FY 2017 1,543,444	FY 2018 1,552,006	FY 2019 2,590,073	FY 2020 2,885,266
	Policy Indicator	✓	✓	✓	✗	✗	✓	✓	✓	✗	✗	✓	✓	✗	✗	✗
		60% - Leave					60% - Lump Sum					60% - To Base				
	Structure	Open Range for Admin, AFSCME, Police					Open Range for Admin, AFSCME, Police					Open Range for Admin, AFSCME, Police				
	Implementation	Current Range Penetration Capped at 60%					Current Range Penetration Capped at 60%					Current Range Penetration Capped at 60%				
	Performance Award in FY 2016	Annual Leave consistent with Chart 1 in green sheet					0% to 2.5% lump sum on anniversary date (amount based on performance eval)					0% to 2.5% to base on anniversary date (amount based on performance eval)				
	Performance Award in Future Yrs	TBD, Element 4 of Study					TBD, Element 4 of Study					TBD, Element 4 of Study				
	Impact to General Fund Forecast	FY 2016 1,366,619	FY 2017 736,216	FY 2018 717,596	FY 2019 1,727,517	FY 2020 1,993,564	FY 2016 2,349,086	FY 2017 736,216	FY 2018 717,596	FY 2019 1,727,517	FY 2020 1,993,564	FY 2016 1,857,852	FY 2017 1,751,710	FY 2018 1,767,285	FY 2019 2,812,613	FY 2020 3,115,325
	Policy Indicator	✓	✓	✓	✗	✗	✓	✓	✗	✗	✗	✓	✗	✗	✗	✗

TRACT B - Open / Step		50% - Leave					50% - Lump Sum					50% - To Base				
	Structure	Open Range for Admin; Step for AFSCME and Police					Open Range for Admin; Step for AFSCME and Police					Open Range for Admin; Step for AFSCME and Police				
	Implementation	Current Range Penetration Capped at 50% (up to nearest step for AFSCME and Police)					Current Range Penetration Capped at 50% (up to nearest step for AFSCME and Police)					Current Range Penetration Capped at 50% (up to nearest step for AFSCME and Police)				
	Performance Award in FY 2016	Annual Leave consistent with Chart 1 in green sheet					0% to 2.5% lump sum on anniversary (amount based on performance eval)					Administrative - 3% to base on anniversary AFSCME - Step to base on anniversary Police - Step to base on anniversary				
	Performance Award in Future Yrs (for employees not at top of scale)	Administrative - TBD, Element 4 of Study AFSCME - Step to base on anniversary Police - Step to base on anniversary					Administrative - TBD, Element 4 of Study AFSCME - Step to base on anniversary Police - Step to base on anniversary					Administrative - TBD, Element 4 of Study AFSCME - Step to base on anniversary Police - Step to base on anniversary				
	Impact to General Fund Forecast	FY 2016 1,260,850	FY 2017 626,891	FY 2018 604,590	FY 2019 1,610,699	FY 2020 1,872,799	FY 2016 2,240,673	FY 2017 626,891	FY 2018 604,590	FY 2019 1,610,699	FY 2020 1,872,799	FY 2016 1,848,744	FY 2017 1,842,203	FY 2018 1,860,825	FY 2019 2,909,309	FY 2020 3,215,288
	Policy Indicator	✓	✓	✓	✗	✗	✓	✓	✗	✗	✗	✓	✗	✗	✗	✗
		60% - Leave					60% - Lump Sum					60% - To Base				
	Structure	Open Range for Admin; Step for AFSCME and Police					Open Range for Admin; Step for AFSCME and Police					Open Range for Admin; Step for AFSCME and Police				
	Implementation	Current Range Penetration Capped at 60% (up to nearest step for AFSCME and Police)					Current Range Penetration Capped at 60% (up to nearest step for AFSCME and Police)					Current Range Penetration Capped at 60% (up to nearest step for AFSCME and Police)				
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	Impact to General Fund Forecast	FY 2016 1,444,220	FY 2017 816,426	FY 2018 800,507	FY 2019 1,813,224	FY 2020 2,082,167	FY 2016 2,428,627	FY 2017 816,426	FY 2018 800,507	FY 2019 1,813,224	FY 2020 2,082,167	FY 2016 2,034,864	FY 2017 2,037,423	FY 2018 2,062,619	FY 2019 3,117,909	FY 2020 3,430,937
	Policy Indicator	✓	✓	✓	✗	✗	✓	✓	✗	✗	✗	✓	✗	✗	✗	✗

Financially Sustainable with Minor Revenue and Expenditure Adjustments in Future Years (<\$7 million impact to forecast; <2% per year)

Will Likely Need a Major Revenue or Expenditure Adjustment in FY 2018/2019 (\$7 to \$8 million impact to forecast; 2% per year)

Will Likely Need a Major Revenue or Expenditure Adjustment in FY 2017/2018 and FY 2019/2020 (\$10+ million to forecast; >2% per year)



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Fiscal Impacts – Future Salary Increases

- The “Impact to General Fund Forecast” figures all assume an increase in base salaries of **3% in future years**
- If the Mayor and Council's intention is to provide at least a 2.7% step or performance increase, **plus** a COLA for FY 2017 and beyond, **then the 3% estimate in the forecast is not sufficient**
- The General Fund is not able to support a COLA, in addition to step or performance increases, in future years without committing to **major revenue and/or expenditure adjustments**
- “Major” is defined as **changes that result in at least \$1 million** in budget capacity



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- **If the Mayor and Council chose TRACT A**, they have the option to increase the proposed payscales by the 2% COLA after the employees are placed in the new ranges
- If the payscales shift, all employees would receive **2% to their base salary** unless they are over the adjusted maximum (currently 4 admin. employees would be over the adjusted maximums)
- **If the Mayor and Council chose TRACT B**, the payscales would automatically shift by the 2% in order to keep AFSCME and Police employees on step



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- If a new pay structure and implementation approach is approved, staff will bring back the **resolution for FY 2016** and the **City Code change** necessary to pay several employees above the proposed maximums
- Finance staff will present an **amendment to the FY 2016 budget ordinance** to reflect any financial changes
- **Staff will communicate with employee groups** about the impact of the structure on their classification, **adjust all salaries** that are impacted by the changes, and **update pay tables and job descriptions**
- Staff will begin working with the consultant on **Element 4 of the Study**, with an FY 2017 implementation date